

**HIGHER EDUCATION
EDUCATIONAL OPPORTUNITY FUND**

Administrative Procedures and Policies

Financial Eligibility

Proposed Amendments: N.J.A.C. 9A:11-1.2, 2.2, 2.4, and 2.11

Authorized By: Educational Opportunity Fund Board of Directors,
Sang Jin Kim, Chairperson

Authority: N.J.S.A. 18A:71-33

Calendar Reference: See Summary below for explanation of exception to calendar requirement.

Proposal Number PRN: 2004 – 311

Submit written comments by October 15, 2004 to:

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The agency proposal follows:

Summary

The Educational Opportunity Fund (EOF) Program provides students from educationally disadvantaged backgrounds with financial aid and support services while enrolled at participating New Jersey colleges and universities. The program is a collaborative effort; the EOF Board of Directors (under the general supervision of the Commission on Higher Education) administers the program, and the participating institutions directly serve the students.

Working with the institutions, the EOF Board maintains a Statewide system to identify and recruit potential college students from backgrounds of historical poverty; develops eligibility criteria for EOF financial assistance based on students' income and their potential for success in college; establishes procedures to determine the amount of the academic year grants according to the total financial need of each student; and advises on the development, organization, and coordination of a wide range of educational support and enrichment activities. The EOF Board recently readopted their entire rule chapter (N.J.A.C. 9A:11) with amendments. Upon further review and consideration, the Board determined that two new changes are desirable.

In the readopted rules as amended, the initial eligibility requirements for an undergraduate EOF award include a high school diploma or GED. The intent of adding this criterion was for consistency with Federal student aid standards, which standards permit students lacking such credentials to qualify for aid by passing an approved test of the "ability to benefit" from postsecondary education. The Board now wishes to augment its student eligibility criteria with this alternative and proposes to amend N.J.A.C. 9A:11-2.2(d)1 accordingly.

The new long-range plan for higher education calls for strengthened collaboration between EOF and precollege programs in New Jersey. One component of this effort is the extension of EOF program benefits to students who have successfully completed a New Jersey College Bound grant program. To accomplish this aim, the EOF Board proposes incorporating "NJ College Bound grant program" wherever the term "NJ GEAR UP support-services-only student" appears (namely, in the heading and rule text at N.J.A.C. 9A:11-2.11 and in the concomitant definition at N.J.A.C. 9A:11-1.2). A grammatical change is also proposed.

Also, to effect the required annual notice regarding the EOF income eligibility scale, the EOF Board proposes amendments at N.J.A.C. 9A:11-2.4(a) reflecting increases by household size for the 2005-06 academic year, compared with 2004-05. In accordance with established procedure, the

proposed new income allowances derive from the official Federal poverty guidelines published in the February 13, 2004 edition of the Federal Register, the national numbers being adjusted by 200 percent (that is, doubled), as stated in N.J.A.C. 9A:11-2.4(a)).

This rulemaking is excepted from the required rulemaking calendar (N.J.A.C. 1:30-3.1) because a comment period of at least 60 days is provided (N.J.A.C. 1:30-3.3(a)5).

Social Impact

All three proposed amendments preserve the campus EOF programs' original mandate to serve students who are educationally and economically disadvantaged. Fifty percent of EOF enrollment comes from the 30 Abbott school districts, which are characterized by both low student achievement and concentrated poverty. Almost all EOF students are first-generation college students, 70 percent come from single-female-headed households, and 15 percent come from households receiving public assistance.

Although an "ability-to-benefit" provision would have only minor impact on EOF enrollments (based on reports from the eight community colleges that have been using such a criterion), it would enable access to higher education for some otherwise EOF-eligible students who are currently barred by its absence. Moreover, the proposed amendment would let campus program administrators retain the professional judgment they have always exercised in making admissions decisions.

The College Bound campus programs serve students from the same backgrounds as the EOF program is designed to serve. Both College Bound and EOF students have generally lived and attended school in neighborhoods characterized by depressed economic conditions, substandard educational services, and unequal opportunities, where the level of educational preparation needed for success in the more challenging college curricula is lacking. The proposed amendments regarding graduates of New Jersey College Bound grant programs codify a process that occurs informally on some college campuses.

Basing the annual adjustments to the EOF income eligibility scale on Federal poverty guidelines emphasizes the EOF Board's desire to maintain the original target population of the EOF program. The proposed amendments are designed to ensure that the program continues to serve individuals who have been burdened by both a lack of access to high-quality educational preparation and long-term economic deprivation.

Economic Impact

State appropriations provide funds for EOF student grants, while the State and participating institutions share the costs of program support services. The total FY 2005 appropriation for EOF is about \$40.4 million; roughly \$11.8 million is for academic year program support, and the participating institutions must match their respective shares of this amount. During the 2003-04 academic year, there were more than 13,400 students (unduplicated headcount) in 56 EOF programs at 41 New Jersey colleges and universities. Fifty percent of EOF enrollment comes from the 30 Abbott school districts, which are characterized by concentrated poverty (as well as low student achievement). The annual adjustment of Federal poverty guidelines to derive the EOF income eligibility scale reflects New Jersey's higher cost of living compared with the U.S. But the proposed amendments have no direct impact on the total number of students awarded grants or the total cost of the program, because the maximum enrollment is limited by the size of the annual State appropriation.

Federal Standards Statement

The proposed amendments are not subject to a Federal standards analysis under Executive Order No. 27 (1994) because EOF was established by New Jersey legislation, is wholly supported by State appropriations, and is not subject to any Federal requirement or standards.

Jobs Impact

The proposed amendments will not result in the generation or loss of any jobs.

Agriculture Industry Impact

The proposed amendments will have no impact on the agriculture industry.

Regulatory Flexibility Statement

A regulatory flexibility analysis is not required because the proposed amendments do not impose compliance requirements on small businesses as defined by the Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq. The proposed amendments pertain strictly to public and publicly funded independent colleges and universities in New Jersey, none of which qualifies as a small business because all have at least 100 full-time employees, and to students participating in the EOF program.

Smart Growth Impact

The proposed amendments will have no impact on the achievement of smart growth and the implementation of the State Development and Redevelopment Plan.

Full text of the proposal follows (additions indicated in boldface thus; deletions indicated in brackets [thus]):

9A:11-1.2 Definitions

The following words and terms, as used in this chapter, shall have the following meanings unless the context clearly indicates otherwise:

. . .

“NJ GEAR UP[support service only]/NJ College Bound grant program support-services-only (NJGEARUP/NJ College Bound/SSO) student” refers to [a] an NJ GEAR UP state project and/or NJ College Bound grant program graduate enrolled in college through the Fund who is unable to demonstrate financial eligibility for an initial Article III student grant.

. . .

9A:11-2.2 Student eligibility

(a) – (c) (No change.)

(d) To be initially eligible for an EOF undergraduate Article III grant, a student must demonstrate that he or she:

1. Has a high school diploma or GED or demonstrates an “ability to benefit”;

2. – 5. (No change.)

(e) – (h) (No change.)

9A:11-2.4 Financial eligibility for initial Article III student grants

(a) The EOF Income Eligibility Scale is based on 200 percent of the annual Federal poverty guidelines (that is, doubled) as published annually in the Federal Register. This benchmark was established to reflect an eligible target population consistent with the intent of the original legislation. The EOF Executive Director shall inform institutions of annual adjustments to the EOF Income Eligibility Scale each spring.

1. Except as provided in (d), (f), (g) and (h) below, dependent and independent students are financially eligible for an initial Article III student grant if their gross household income does not exceed the applicable amounts set forth in the EOF Income Eligibility Scale, as follows:

Academic Year [2004-05] <u>2005-06</u>	
<u>Applicants with a Household size of</u>	<u>Gross Income Not to Exceed</u>
1	[\$17,780] <u>\$18,620</u>
2	[24,240] <u>24,980</u>
3	[30,520] <u>31,340</u>
4	[36,800] <u>37,700</u>
5	[43,080] <u>44,060</u>
6	[49,360] <u>50,420</u>
7	[55,640] <u>56,780</u>
8	[61,920] <u>63,140</u>

2. For each additional member of the household, an allowance of [\$6,280] \$6,360 shall be added to this amount in order to determine EOF eligibility for the [2004-05] 2005-06 academic year. [This allowance shall be adjusted to reflect changes in the Federal poverty guidelines as published in the Federal Register. In addition the gross income level for each household size shall also be adjusted annually.]

3. The gross income level for each household size as shown in (a)1 and 2 above has been adjusted to reflect changes in Federal poverty guidelines as stated in (a) above.

(b) – (j) (No change.)

9A:11-2.11 NJ GEAR UP and NJ College Bound grant program support-services-only student

(a) A student who has successfully completed [a] an NJ GEAR UP state project and/or an NJ College Bound grant program but is unable to demonstrate financial eligibility for an initial Article III student grant as set forth in N.J.A.C. 9A:11-2.4 shall be termed [a] an NJ GEAR UP/NJ College Bound support-services-only (NJGEARUP/NJ College Bound/SSO) student.

(b) [A] An NJGEARUP/NJ College Bound/SSO student is eligible to receive both Article III and Article IV benefits of the prefreshman EOF summer program and subsequent academic year Article IV program support services throughout [their] his or her enrollment in college.